



**MCI Telecommunications
Corporation**

1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

ORIGINAL

DOCKET FILE COPY DUPLICATE

April 10, 1995

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, D.C. 20554

RECEIVED

APR 11 1995

Re: In the Matter of: Unbundling of Local Exchange
Carrier Common Line Facilities

Dear Mr. Caton,

Enclosed herewith for filing are the original and four (4) copies of MCI Telecommunications Corporation's Comments in the above-captioned matter. Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI Comments furnished for such purpose and remit same to the bearer.

Yours truly,

Chris Frentrop
Senior Regulatory Analyst
Federal Regulatory Affairs

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of:

**Unbundling of Local Exchange Carrier
Common Line Facilities**

RM - 8614

Comments

MCI Telecommunications Corporation (MCI) hereby submits its comments in response to the Petition for Rulemaking filed on March 7, 1995 by MFS Communications Company, Inc. (MFS). In its Petition, MFS requested that the Commission adopt rules requiring the Tier 1 local exchange carriers (LECs) to provide the common line element of interstate switched access service on an unbundled basis at cost-based rates to state-certified competing providers of such service. In addition, MFS asks the Commission to develop non-binding guidelines for the relationship of the price of these unbundled loops to the price of local exchange service. If LECs meet these guidelines, MFS proposes, the LECs would be granted greater pricing flexibility for their interstate access services.

While MCI supports a rulemaking to examine the issue of unbundling the local loop, there are a number of implementation issues the Commission must also consider that are not contained in MFS' petition. In particular, the

Commission must determine the proper access charge structure and regulatory scheme for the transition to a more competitive environment.¹

I. REQUIRING RESALE OF UNBUNDLED LOCAL LOOPS IS IN THE PUBLIC INTEREST

MCI agrees with MFS that it would be in the public interest to require that the LECs provide unbundled local loops to competitive providers of local exchange service. Building an entirely new network of local loops would not be economically feasible, because the entrant would face impediments the LEC does not face, such as permitting requirements, franchise fees, purchase of rights-of-way, and building access. The LEC avoids these impediments, not because of its better business skills, but solely because of its historical monopoly position.

Although MCI supports the concept of unbundling, we do not believe it should necessarily be limited to the extent MFS proposes. Any rulemaking the Commission adopts should also examine the level of unbundling required to ensure effective competition.

II. PROVISION OF UNBUNDLED LOCAL LOOPS WILL AFFECT OTHER ASPECTS OF THE COMMISSION'S REGULATIONS

Requiring the sale of unbundled local loops will have other effects which the Commission will need to examine. For example, the sale of local loops to

¹ MCI is also concerned that certain aspects of MFS's proposal unnecessarily require preemption by the Commission of the states, or delegate to the states decision-making authority that is properly left to the Commission. See, e.g., MFS Petition at 49.

competitive providers will result in a reduction in the computed growth rate in carrier common line (CCL) minutes, which will result in a higher CCL access rate.² The Commission will have to address this issue if it mandates unbundling.

In addition to examining this issue, the Commission should assess the actual level of competition in local exchange markets, the likely timetable for the development of effective competition, and the safeguards necessary during the transition to effective competition. For example, MCI would oppose any proposal that would give the LECs the ability to engage in contract-type tariffs, until such time as there is substantial competition in the interstate access market. Moreover, the rulemaking proposed by MFS is inextricably tied to the Commission's universal service docket.³ In order to further competition in the interstate access market, the Commission should examine the underlying costs of network functions and telecommunications services (to identify subsidies and determine how to change rates to conform them to underlying costs), and

² The Commission recognized this effect in its recent decision regarding Rochester's waiver request to provide unbundled local loop. See Rochester Telephone Corporation Petition for Waivers to Implement Its Open Market Plan, Order, FCC 95-96 (released March 7, 1995).

³ The Commission currently has pending a Notice of Inquiry regarding the Universal Service Fund (USF). See Amendment of Part 36 of The Commission's Rules and Establishment of A Joint Board, Notice of Inquiry, CC Docket 80-286, FCC 94-199, released August 30, 1994. That notice seeks comment regarding only the explicit subsidies incorporated in the Universal Service Fund and the triple-DEM weighting of switching costs. The proceeding necessary to resolve issues of network costs and subsidies would have to be wider in scope than the Commission's current USF proceeding.

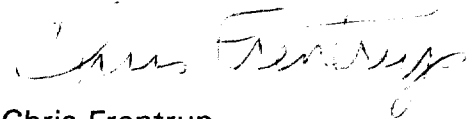
the definition, identification, and quantification of social subsidies.

III. CONCLUSION

MCI supports MFS' call for a rulemaking on the unbundling of the local loop. However, the Commission should also include in that rulemaking an examination of the other related and important issues as set forth herein.

Respectfully submitted,

**MCI TELECOMMUNICATIONS
CORPORATION**

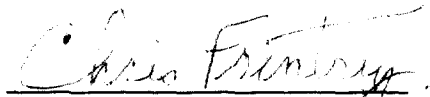
A handwritten signature in cursive script, appearing to read "Chris Frentrup", written in dark ink.

**Chris Frentrup
Senior Regulatory Analyst
1801 Pennsylvania Ave., NW
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Dated: April 10, 1995

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on April 10, 1995.

A handwritten signature in cursive script, reading "Chris Frentrup", written over a horizontal line.

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I, Sustanchia Miller, do hereby certify that copies of the foregoing Comments were sent via first class mail, postage paid, to the following on this 10th day of April, 1995.

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